



Department of Justice

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INTERNET PHARMACY OPERATOR RECEIVES 51 MONTH PRISON SENTENCE

SAN DIEGO, CA – United States Attorney Carol C. Lam of the Southern District of California, United States Attorney Marcos Daniel Jiménez of the Southern District of Florida, and Peter D. Keisler, Assistant Attorney General for the Civil Division, Department of Justice, announced that United States District Court Judge Jeffrey T. Miller today sentenced Mark Anthony Kolowich in federal district court in San Diego to serve a prison term of 51 months and forfeit substantial cash proceeds for his role in operating one of the largest Internet pharmacy schemes ever prosecuted.

Kolowich, the owner of World Express Rx, previously pled guilty to conspiring to sell counterfeit pharmaceuticals, commit mail fraud, and smuggle pharmaceuticals, and conspiracy to launder money. In a related case in the Southern District of Florida, Kolowich pled guilty to conspiring to import unapproved drugs into the United States, introducing such drugs in interstate commerce, and smuggling unapproved drugs into the United States.

Assistant Attorney General Peter D. Keisler said, "The Department of Justice's increasing willingness to pursue court action and criminal penalties against those who are diverting and counterfeiting prescription drugs for profit should communicate our commitment to stop those who threaten the health of the public."

Lam also announced that charges have been filed in San Diego against five other individuals in a related Internet pharmacy fraud case involving MyRxForLess.com. In announcing these charges and the Kolowich sentence, U.S. Attorney Lam stated that, "The simple fact is that when people use the Internet to obtain prescription drugs, they take a risk because the drugs might not be what they appear to be. Consumers need to be aware that many of the safeguards that exist for bricks-and-mortar pharmacies do not exist for Internet pharmacies."

Kolowich operated an Internet pharmacy website at www.WorldExpressRx.com, from which customers could order prescription drugs without having a prior prescription. The website directed the customer to fill out a health questionnaire, and pay a \$35 fee for a doctor's

consultation. The website falsely represented that a doctor would review the questionnaire and issue a lawful prescription before the drugs were shipped to the customers. However, there was no doctor employed by, or otherwise associated with, World Express Rx, who reviewed the questionnaires.

"The sophisticated criminal scheme carried out by the defendants in this case reinforces why FDA strongly advises consumers against buying medicines from websites and underscores the efforts of FDA's Office of Criminal Investigations to protect American consumers from counterfeit and unsafe prescription drugs sold over the Internet," said Dr. Lester M. Crawford, Acting FDA Commissioner.

The distributed pharmaceuticals included tablets and capsules containing the active ingredients for Viagra, Cialis, Levitra, Propecia, Celebrex, and Xenical, which were marked by World Express Rx as "generic" versions of those drugs. Kolowich caused counterfeit drugs to be manufactured in Mexico, and co-conspirators smuggled the phony drugs across the border into California. The drugs were then packaged by co-conspirators and sent to customers throughout the United States and the world. Some of the ingredients for the drugs were shipped in from China and India using false shipping documents.

Kolowich also conspired with co-defendants John Aldaz, a licensed pharmacist in the United States, and a physician in Mexico, and Gustavo Garcia-Uriza to smuggle unapproved Viagra from Mexico into the United States. Kolowich had planned to manufacture unapproved versions of Cialis and Viagra with Aldaz and Garcia in Mexico prior to his arrest. Garcia turned the pill press dies for these drugs over to the Government at the time of his sentencing.

"The smuggling of pharmaceuticals poses a significant threat to public health and U.S. Immigration and Customs Enforcement (ICE) is committed to putting these illegal enterprises out of business," said Michael Garcia, Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement. "The reality is, the quality and content of drugs sold over the Internet is a big question mark. Consumers should take extra precautions and only buy from reputable online pharmacies."

Co-defendant Chris Reed in San Diego handled the credit card processing for World Express Rx. He was a partner with Kolowich in World Express Processing. Kolowich and Reed offered their services, for a fee, to other Internet pharmacies which were unable to get traditional banks to handle their processing. World Express Processing received about \$1 million per

month from credit card charges in 2003, about half of which resulted from sales from World Express Rx or its affiliates.

Charges filed in the Southern District of Florida

In addition to smuggling prescription pharmaceuticals into the United States from Mexico, Kolowich also conspired to have unapproved drugs made in India and Pakistan enter the United States via the Bahamas. Kolowich conspired with Douglas Matthew Drew in Miami, Florida, and Jean Francois Blanc in the Bahamas to import the counterfeit Viagra, in the case that originated in the Southern District of Florida. As a result, counterfeit drugs were shipped from India to Blanc in the Bahamas. Blanc then shipped the drugs to World Express Rx customers in the United States. More than 900 of these packages were intercepted in Miami in September 2003. The government seized approximately 1.6 million pills in Florida, valued at approximately \$9.8 million. Blanc pled guilty to charges in the Southern District of Florida for his role in the scheme, while Drew pled guilty to unrelated charges.

"The importation, manufacturing, and distribution of unapproved pharmaceutical products poses a significant danger to the well-being of our citizens," said Marcos Daniel Jiménez, United States Attorney for the Southern District of Florida. "Together with our federal and state law enforcement partners, we will continue to hold responsible those who seek to profit by endangering consumers with unapproved drugs."

MyRxForLess (Filed in the Southern District of California)

One of the Internet pharmacies that used the services of World Express Processing was MyRxForLess.com. From December 2002, through March 2004, more than \$1.7 million in payments for credit card purchases from the MyRxForLess website were wire transferred from World Express in San Diego to MyRxForLess in Florida. MyRxForLess.com, which is registered to defendant Charles Naron, advertised for sale prescription drugs with "no prescription needed." In addition to processing credit card payments through World Express, Naron also is alleged to have purchased "generic" Viagra and "generic" Cialis from Kolowich and Reed to sell to customers of MyRxForLess.

On November 5, 2004, Charles William Naron, Stephen Lewis, Pamela Lewis, and Kristin Naron were arrested in Florida on charges relating to their roles in the operation of MyRxForLess. Charges of conspiracy and money laundering, as well as criminal forfeiture, are pending against Charles Naron and Stephen Lewis, while charges of conspiracy to sell

unapproved drugs and to commit mail fraud are pending against Pamela Lewis and Kristin Naron.

On November 5, 2004, Jose Reynaldo Ortiz-Teran, owner of Farmacia Sonora, was arrested in Arizona and indicted on November 17, 2004, by a federal grand jury in San Diego on charges of conspiracy, conspiracy to launder money and criminal forfeiture. The indictment alleges that Ortiz would obtain prescription pharmaceuticals without a prescription in Mexico and ship them to customers of Naron and MyRxFor Less via the mails.

FBI Special Agent in Charge of the San Diego Office Daniel R. Dzwilewski commented, "This multi-faceted investigation demonstrated medications obtained over the Internet are not always as safe as patronizing your local drug store. In some cases, there are no quality controls or physician oversight. The probability exists that a customer already on one medication could unknowingly purchase a drug on-line that would not be compatible. Without physician oversight, this pharmaceutical cocktail could lead to serious injury or death. Consumers need to realize that these low-cost drugs could come at a very high price."

Richard Tanael, U.S. Postal Inspection Service Assistant Inspector in Charge, San Diego Field Office commented, "Illegal pharmaceutical distribution is a growing problem which will continue to receive increased attention from law enforcement. In this investigation in excess of 100,000 Express and Priority mail shipments of illegal drugs were identified. Those who seek to use the Internet and Postal Service for illegal gain should take note of the success of this investigation. The Postal Inspection Service will pursue these criminals with vigor, as they endanger the American people and the integrity of both Internet and Postal commerce."

Denise L. Rubin, IRS Criminal Investigation Division Special Agent in Charge of San Diego stated, "The WorldExpressRX investigation is one of the largest illegal Internet pharmacy operations IRS Criminal Investigation has seen. This investigation targeted the profits and financial gains of this illegal enterprise. IRS Criminal Investigation was part of a formidable team of law enforcement agencies whose mission was to dismantle this illegal Internet pharmacy and money laundering operation by taking away their profits through the seizure of assets."

"This is a model of cooperation between local and federal law enforcement and their resources. The focus was on a crime problem and the outcome was the arrest of the lawbreakers involved. But the real result is that people will no longer be victimized by the criminal

enterprises that were operating in our community and reaching out globally," said Chief Rick Emerson, Chula Vista Police Department.

The case was investigated by the Federal Bureau of Investigation, the Food and Drug Administration Office of Criminal Investigations, the Internal Revenue Service Criminal Investigations Division, the Immigration and Customs Enforcement Division of the Department of Homeland Security, the U.S. Postal Inspection Service and the Chula Vista Police Department.

It should be remembered that an indictment is not evidence of criminal activity and all defendants are presumed innocent unless and until proven otherwise.

DEFENDANT

Mark Kolowich
San Diego, California

SUMMARY OF CHARGES (04-CR-1114-JM)

Count 1: Conspiracy to Smuggle, Sell Counterfeit Drugs, and Commit Mail Fraud, 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Count 2: Conspiracy to Launder Money, in violation of 18 U.S.C. § 956(h)
Maximum penalty 20 years in custody and/or \$500,000 fine

Criminal Forfeiture, 18 U.S.C. § 982; property forfeited: approximately \$45,000 found in six bank accounts, the proceeds of the sale of property owned in Mexico (sale pending), proceeds of a promissory note from a restaurant

SUMMARY OF CHARGES (04-CR-2523-JM)

Count 1: Conspiracy to Commit Offenses Against the United States, 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Count 2: Introduction of an Unapproved New Drug, 18 U.S.C. §§ 331(d) and 333(a)(2)
Maximum penalty 3 years in custody and/or \$250,000 fine

Count 23: Smuggling, 18 U.S.C. § 545
Maximum penalty 5 years in custody and/or \$250,000 fine

Criminal Forfeiture, in violation of Title 18, United States Code, Section 982; property forfeited: up to \$3 million

Sentenced to 51 months in custody, \$10,000 fine, a \$500 penalty assessment, and 3 million in assets ordered forfeited.

RELATED CASES (WorldExpressRx.com)

04-CR-1113-JM

Odette Piderman (handled Customer Service for World Express Rx)
San Diego, California

Pled guilty on April 22, 2004 to: Conspiracy to Smuggle, Sell Counterfeit Drugs and Commit Mail Fraud, 18 U.S.C. § 371; and Criminal Forfeiture, 18 U.S.C. § 981

Sentenced on September 10, 2004 to 18 months in custody, \$4,000 fine; forfeited approximately \$55,000 from four bank accounts.

04-CR-1023-JM

Miguel Sahagun (Packaged orders for World Express)
Chula Vista, California

Pled Guilty on April 15, 2004 to: Conspiracy to Smuggle, Sell Counterfeit Drugs and Commit Mail Fraud, 18 U.S.C. § 371; and Criminal Forfeiture, 18 U.S.C. § 981

Sentenced on October 29, 2004 to 5 months in custody, followed by 5 months in a community confinement center, \$1000 fine; Forfeited property in Chula Vista, California.

04-CR-1023-JM

Maria Sahagun (Packaged orders for World Express)
Chula Vista, California

Pled Guilty on April 15, 2004 to: Conspiracy to Smuggle, Sell Counterfeit Drugs and Commit Mail Fraud, 18 U.S.C. § 371; and Criminal Forfeiture, 18 U.S.C. § 981

Scheduled to be sentenced on February 18, 2005, at 9:00 a.m. before the Hon. Jeffrey T. Miller; Forfeited property in Chula Vista, California.

04-CR-1117-JM

Earl Howard "Ty" Laffoon, Jr (smuggled pharmaceuticals from Mexico)
San Diego, California

Pled guilty on May 13, 2004 to: Conspiracy to Smuggle and Sell Misbranded Drugs, 18 U.S.C. § 371

Sentenced on August 6, 2004 to 3 years probation.

04-CR-1139-JM

Christopher James Reed (handled credit card processing for World Express)
San Diego, California

Pled guilty on May 21, 2004 to: Conspiracy to Launder Money, 18 U.S.C. § 1956(h)
Criminal Forfeiture, 18 U.S.C. § 982

Scheduled to be sentenced on January 28, 2005, before the Hon. Jeffrey T. Miller at 9:00 a.m.;
Forfeited approximately \$700,000 from bank accounts of World Express Processing.

04-CR-1152-JM

Marguerite Paula Kuoha (handled Customer Service for World Express Rx)
San Diego, California

Pled Guilty to: Evidence Tampering, 18 U.S.C. § 1512(c)(1)

Sentenced to 18 months in custody, \$2500 fine

04-CR-2252-JM

John Eloy Aldaz (Licensed pharmacist, secured supply from Mexico)
Chula Vista, California

Pled guilty on August 24, 2004 to: Conspiracy to Smuggle Merchandise into the United States,
18 U.S.C. § 371

Sentenced on January 7, 2005 to 3 years probation, 6 months in a halfway house, \$2000 fine

04-CR-2149-JM

Jose Gustavo Garcia Uriza (Supplied pharmaceuticals from Mexico)
Tijuana, Mexico

Pled guilty on August 19, 2004 to: Conspiracy to Smuggle Merchandise into the United States,
18 U.S.C. § 371

Sentenced on August 26, 2004 to 3 years probation, \$1000 fine; forfeited dies to manufacture
pharmaceuticals.

RELATED CASES (MyRxForLess.com)

04-CR-2987-JM

Charles William Naron Lake Worth, Florida

Count 1: Conspiracy to Sell Unapproved Drugs, Commit Mail Fraud and Sell Merchandise Imported Contrary to Law; 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Count 2: Conspiracy to Launder Money, 18 U.S.C. § 1956(h)
Maximum penalty 20 years in custody and/or \$500,000 fine

Criminal Forfeiture, 18 U.S.C. § 982, sought in the amount of \$1.7 million.

04-CR-3068-JM

Stephen Phillip Lewis Lake Worth, Florida

Count 1: Conspiracy to Sell Unapproved Drugs, Commit Mail Fraud, and Sell Merchandise Imported Contrary to Law, 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Count 2: Conspiracy to Launder Money, 18 U.S.C. § 1956(h)
Maximum penalty 20 years in custody and/or \$500,000 fine

Criminal Forfeiture, 18 U.S.C. § 982, sought in the amount of \$1.7 million

04-CR-3067-JM

Pamela June Lewis Lake Worth, Florida

Count 1: Conspiracy to Sell Unapproved Drugs, Commit Mail Fraud and Sell Merchandise Imported Contrary to Law; 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Criminal Forfeiture, 18 U.S.C. § 982, sought in the amount of \$1.7 million

04-CR-3083

Kristin Erika Naron Lake Worth, Florida

Count 1: Conspiracy to Sell Unapproved Drugs, Commit Mail Fraud and Sell Merchandise Imported Contrary to Law, 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

04-CR-2999-JM

Jose Reynaldo Ortiz-Teran Agua Prieta, Mexico

Count 1: Conspiracy to Sell Unapproved Drugs, Commit Mail Fraud and Sell Merchandise Imported Contrary to Law, 18 U.S.C. § 371
Maximum penalty 5 years in custody and/or \$250,000 fine

Count 2: Conspiracy to Launder Money, 18 U.S.C. § 1956(h)
Maximum penalty 20 years in custody and/or \$500,000 fine

Criminal Forfeiture, 18 U.S.C. § 982, sought in the amount of \$920,000

RELATED CASES **(Southern District of Florida)**

04-CR-60100-Gold

Jean Francois Blanc Nassau, Bahamas

Pled guilty to: Counts 1 & 2: Introducing unapproved drugs into interstate commerce, 21 U.S.C. § § 331 and 335; and Count 3: Misprision of Felony in concealing the importation of unapproved drugs into the United States, 18, U.S.C. § 4.

Sentenced to three years' probation with one year home confinement.

03-CR-60214-Cohn

Douglas Matthew Drew Miami, Florida

Pled guilty to: Count 1: Conspiracy to introduce an unapproved drug into interstate commerce, 18 U.S.C. § 371.

Sentenced to 18 months' incarceration, two years' supervised release, and \$10,000 fine.

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